

Adams, Hope

From: Wessinger-Hill, JoAnne
Sent: Monday, July 26, 2021 11:11 AM
To: Hall, Roger; Grube-Lybarker, Carri; John J. Pringle, Jr.; Heather Smith; Heather Smith; Pittman, Jenny; fellerbe@robinsongray.com; fellerbe@robinsongray.com
Cc: PSC_Contact; Besley, Sharon
Subject: RE: Hearing Exhibit (Cross Examination Exhibit) -- DN 2020-263-E
Attachments: Active_148007583_1_Hanson Cross Exhibit 8 - Cherokee Timeline.PDF

Parties:

Attached is a copy of the Cross Examination Exhibit of Duke regarding Witness Hanson.

Jo Anne

C. Jo Anne Wessinger Hill, Esq.
General Counsel to the Commission
Public Service Commission

State of South Carolina
 101 Executive Center Drive, Suite 100
 Columbia, SC 29210

www.psc.sc.gov

Email: JoAnne.Hill@psc.sc.gov

803-896-5100 (main) | 803-896-5188 (f) | JoAnne.Hill@psc.sc.gov

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July 25, 2018	Duke visit to Cherokee plant site arranged by LS Power. LS Power individuals used the site visit with Duke as an opportunity to commence discussion on extension of the existing power purchase agreement (PPA) with DEC.
September 17, 2018	Cherokee submitted an executed Notice of Commitment to Sell the Output of a Qualifying Facility to DEC with respect to Cherokee's facility, which constituted a Legally Enforceable Obligation (LEO) and established September 17, 2018 as Cherokee's LEO date with DEC ¹ . Accordingly, Cherokee was entitled to DEC's avoided cost rates as of that date. As of that date, DEC's avoided cost rates included payments for capacity and energy.
September 24, 2018	Cherokee submitted a proposed term sheet to DEP in response to its August 27, 2018 RFP (not part of the PURPA negotiations) In the RFP, DEP "identified a near term need for approximately 2000 megawatts (MW) of firm dispatchable peaking/intermediate capacity and energy resources resulting from expiring traditional purchase power agreements."
October 31, 2018	DEC sent Cherokee its proposed "avoided cost" rates for a 5-year PPA, and a draft PPA that did not provide for any capacity payment. The proposed rates and terms were not consistent with rates approved by the SCPSC (in effect as of the time the LEO was established), which specifically included capacity payments.
December 7, 2018	Cherokee sent a proposed term sheet to DEC for a 7-year extension of the PPA.
December 12, 2018	Cherokee established its LEO with DEP.
December 21, 2018	Duke acknowledged the LEO, but stated that the notice used was only for QFs less than 2 MW and 1) Claimed that the LEO sent to DEP superseded the LEO previously established with DEC, and 2) Claimed that the term sheet sent to DEC was not consistent with DEC's avoided costs and DEC did not have a capacity need.
February 1, 2019	DEP provided its "avoided cost" rates and terms to Cherokee for a 5-year PPA. DEP indicated that the "rates have been calculated using DEP's standard system methodology for Qualifying Facilities based on DEP's December, 2018 system costs." The rates and terms proposed by DEP were not consistent with rates approved by the SCPSC.
April 30, 2019	Cherokee sent letters to both DEP and DEC requesting additional information on the avoided cost rates and the terms proposed by DEP and DEC. Among other things, Cherokee requested that DEC and DEP provide Cherokee with information regarding the methodology used to calculate the proposed rates and to determine the proposed terms, as well as backup information to support those rates and terms. The information sought by Cherokee is necessary to verify the inputs and

¹ Under FERC Regulations, 18 C.F.R. § 292.304(d), the purchase price to be paid by the utility is its avoided costs, calculated as of either the date of the LEO or the time power is delivered, at Cherokee's option.

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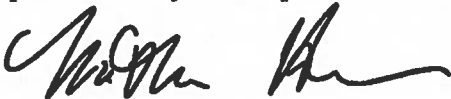
	assumptions utilized by DEP and DEC in calculating the proposed rates and determining those terms it proposed.
June 14, 2019	Duke responded to Cherokee's request for additional information regarding avoided costs and terms with a two-page letter which did not provide the information requested by Cherokee and which is necessary for Cherokee to verify inputs and assumptions utilized by Duke in calculating the rates it proposed and determining the terms (e.g. contract term) it proposed.
March 9, 2020	Cherokee submits request for QF rates to DEP for 5 and 10-year PPA terms.
April 9, 2020	Cherokee submits a PPA term sheet to DEP.
April 21, 2020	DEP responded via email that it does not plan to enter into a non-PURPA bilateral long-term capacity purchase agreement and sent a form to Cherokee for establishing an LEO. The form was not necessary, as LEOs were established in the Fall of 2018.
May 4, 2020	Cherokee sent letter to DEP requesting avoided cost rates.
June 24, 2020	DEP responded to Cherokee letter with draft 5-year PPA that included "avoided cost rates," Those proposed rates and terms are not those approved by the SCPSC by Order No. 2020-315(A). DEP's letter disputes the establishment of the LEO in 2018 and implies that certain rates are only available for just over 30 days from when they are provided by DEP.
July 20, 2020	Cherokee sends letter to DEP requesting clarification of certain of DEP's responses. Among other things, Cherokee again requested the methodology and back-up information for the calculation of prices, asked whether those "avoided cost rates" were filed with the SCPSC, and sought methodology and back-up for the calculation of energy and capacity prices.
July 30, 2020	Duke informed Cherokee of its view that a PURPA contract requires Cherokee to transmit firm power to the purchasing utility's territory, requiring the purchase by Cherokee of firm transmission of power to DEP if DEP is the purchasing utility, while a non-PURPA negotiated agreement would not require firm transmission and Duke could pick up the energy at the existing point of interconnection at Cherokee's plant and use the energy provided to supply DEC or DEP. Cherokee made the point that the Duke's Joint Dispatch Agreement provides for optimization between the two Duke utilities, that DEP should not get to discriminate against PURPA units and should treat them in a similar manner as their own assets. Duke responded by asserting that what they offered was a proper PURPA contract and meets Duke's PURPA obligation.
August 11, 2020	Email from M. Keen of Duke apologizing for the delay in responding to Cherokee.
August 20, 2020	Three-page letter from Duke responding to Cherokee's letter dated July 20, 2020. DEP did not provide the information requested by Cherokee and which is necessary for Cherokee to verify inputs and assumptions

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	utilized by Duke in calculating the rates it proposed and determining the terms (e.g. contract term) it proposed.
December 3, 2020	Cherokee requested from Duke an "as available" energy supply contract to commence on January 1, 2021 if a new PPA or an extension of the current PPA was not achieved.
December 4, 2020	Cherokee requested Duke to allow Cherokee to procure and deliver gas to the Cherokee plant commencing on January 1, 2021. Currently, Duke controls the Cherokee plant gas meter through an aggregation meter with Transcontinental Gas Company (Transco) and needs to inform Transco to remove the meter from its aggregation meter. The current arrangement is in place because Duke supplies fuel to the plant under the existing PPA.
December 15, 2020	At 7:12 pm, Duke provides the "as available" form of contract that does not include any contract rates but implies that they will be calculated after the delivery of energy to Duke, <i>leaving Cherokee in a position of not knowing if it is economic to run and supply energy to Duke.</i>
December 15, 2020	Duke communicated to Cherokee that Duke will not release the gas meter from its control at this time.

CERTIFICATION

I, Nathan Hanson, state and attest, under penalty of perjury, that I have reviewed the foregoing Cherokee Cogeneration Partners, LLC Late Filed Exhibit 3, and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal review proceeding. I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment by contempt.



Name: Nathan Hanson

Title: SVP

Cherokee Cogeneration Partners, LLC